## 1 2 3 4 5 UNITED STATES DISTRICT COURT 6 NORTHERN DISTRICT OF CALIFORNIA 7 8 ICALL, INC., No. C-12-2406 EMC 9 Plaintiff, 10 ORDER DENYING PLAINTIFF'S v. MOTION FOR PRELIMINARY 11 TRIBAIR, INC., et al., **INJUNCTION** 12 Defendants. (Docket No. 28) 13 14 AND RELATED COUNTERCLAIM 15 16 17 Plaintiff iCall, Inc. has filed suit against Defendants Tribair, Inc. and its CEO, Eric Reiher, 18 19 asserting claims for, inter alia, trademark infringement and unfair competition in violation of federal and state law. Currently pending before the Court is iCall's motion for a preliminary injunction. In 20 21 22 <sup>1</sup> A complete list of the claims is as follows: 23 1. Infringement of a registered trademark in violation of the Lanham Act, 15 U.S.C. § 1114. 24 Use of a false designation in violation of the Lanham Act, 15 U.S.C. § 2. 25 3. Dilution of a famous mark in violation of the Lanham Act, 15 U.S.C. § 1126(c). 26 Use of a colorable imitation or counterfeit of a registered mark in violation of 4. California Business & Professions Code § 14245(a) et seq. 27 5. Unfair competition in violation of California Business & Professions Code § 28 Declaratory relief pursuant to 28 U.S.C. §§ 2201 and 2202. 6.

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the motion, iCall basically seeks to prevent Defendants from using the "WiCall" mark, which iCall contends infringes on its registered "iCall" mark.

### FACTUAL & PROCEDURAL BACKGROUND

The evidence submitted by the parties in conjunction with the pending motion reflects as follows. Where there are disputes of fact, they are so noted.

iCall is a company that has as its primary product and service a "Voice-Over Internet Protocol ('VOI') calling platform that operates on desktop computers, on the Apple iPhone, iPad, and iPod, [and] on Android mobile devices and smartphones." Gilbert Decl. ¶ 2. iCall has both free and paid versions of its service. See Gilbert Decl. ¶ 4. iCall has had an application available on Apple's App Store since 2009. See Gilbert Decl. ¶ 5.

iCall has both a federal and a state registration for its mark "iCall." See Gilbert Decl. ¶¶ 12-13. The federal registration indicates that the mark was first used in commerce in 1997. See Gilbert Decl. ¶ 13; see also FAC, Ex. 1 (federal registration). The state registration indicates that the mark was first used in California in 1999. See Gilbert Decl. ¶ 12; see also FAC, Ex. 3 (state registration).

In 2012, Tribair made available its own VoIP product and service using the mark "WiCall."<sup>2</sup> See Reiher Decl. ¶4. According to Defendants, "Tribair selected the name WiCall because it was a simple name that described what the application does: Wi-Fi calls." Reiher Decl. ¶ 3.

Tribair maintains that it does not offer any free versions of its product or service. Although "[n]ew customers are given a nominal amount in free credits (less than \$1) so that they may try the service at no cost[,] [o]nce these credits have been depleted, a customer must purchase credits to continue to make calls." Reiher Decl. ¶ 8. iCall argues that the above indicates that Tribair does in fact offer free service. See Supp. Gilbert Decl. ¶ 6.c. iCall further argues that Tribair offers free services (in addition to paid services) based on public statements that Mr. Reiher made in or about January 2011. See Reply at 2-3; Supp. Carreon Decl., Ex. 28 (interview with Mr. Reiher).

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<sup>&</sup>lt;sup>2</sup> iCall claims that "Tribair launched its VoIP under the Tribair brand," instead of the WiCall brand. Supp. Carreon Decl. ¶ 6.a; see also Reply at 2. Tribair maintains that the Tribair product and WiCall product are different.

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Defendants assert that those statements were applicable to their Tribair product which is different from their WiCall product (which did not yet exist at the time).

Defendants claim that they have successfully promoted WiCall without doing any advertising. See Reiher Decl. ¶ 11. For example, "WiCall does not have a website, and Tribair does not pay for advertising on Apple's iTunes App Store or Google's Android Market." Reiher Decl. ¶ 11. iCall disputes this claim by Defendants, asserting, for instance, that Tribair still has its own website through which it markets WiCall. See Reply at 4. iCall also suggests that WiCall is advertised on the Internet because the App Store and Android Market are available on the Internet. See Reply at 4. Finally, iCall maintains that Tribair does in fact pay for advertising on the App Store it must pay \$99 per year to list WiCall in the App Store. See Supp. Gilbert Decl. ¶ 7.a & Ex. 20 (iOS Developer Program). As for the Android Market, iCall asserts that, "[i]n order to achieve the type of 'momentum' in marketing Apps that [Defendants] boast[], it is necessary to utilize techniques such as are discussed in the blog post entitled 'Android App marketing and Google Play -- What you need to know (a preview)." Supp. Gilbert Decl. ¶ 7.b & Ex. 22 (blog post). The blog post notes, *inter alia*, that "Google Play's ranking algorithm rewards long-term user acquisition. Apps that retain users are rewarded with higher ranks. Therefore, advertising campaigns should be run over a longer term and sustained over several months, as opposed to the short bursts or activity." Supp. Gilbert Decl., Ex. 22 (blog post) (emphasis added). The blog post also states:

To build a thriving app business, you need installs by loyal users. It is loyal users who use your app repeatedly, make purchases, register, or take other actions that tie back to an ROI. However, studies show that many users who install an app never even use it, or abandon it after a single use. Try to optimize your *advertising efforts* on traffic sources that are delivering your loyal users.

Supp. Gilbert Decl., Ex. 22 (blog post) (emphasis added).

iCall claims that it has suffered injury as a result of Defendants' use of the "WiCall" mark because, after spending more than \$4 million "to acquire the iCall.com and the iCall mark, to submit a patent application, develop and deploy the iCall software, develop and promote the iCall.com website, and push to the forefront of the VoIP mobile market," it is "in danger of losing control over

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its own business reputation	on and the good will th	at have accrued to	the iCall mark	over the years."
Gilbert Decl. ¶ 20.				

In turn, Defendants claim that Tribair would suffer great injury should an injunction issue barring it from using the "WiCall" mark. Defendants explain that there are more than 1,000 VoIP applications available (including, e.g., Skype). See Reiher ¶ 9. Thus,

> [p]lacement on the search results of the iTunes App Store and Android Market is critical to an application's success. Being at the top of the list when a user queries keywords like "VoIP" is an extremely valuable commodity. The highest results has a much higher chance of being downloaded than a result five, ten or fifty slots further down.

Gilbert ¶ 15. Currently, "if a user searches for 'VoIP Calls' in the iTunes App Store, WiCall populates as the fifth result." Reiher Decl. ¶ 16. "On the Android Market, WiCall populates as the second result." Reiher Decl. ¶ 16. According to Defendants,

> [n]o one really knows exactly what would happen to the ordering of results if WiCall was renamed, because Apple and Google use a secret method to order search results on their iTunes App Store and Android Market. A renamed product might be dropped all the way down to the bottom of keyword search results, even if all of its other features remain the same.

Reiher Decl. ¶ 15. Defendants add that "[r]eturning to the WiCall name after litigation concludes would not restore WiCall's strong position on the search results, and WiCall would never fully recover regardless of the amount of time, effort and expense Tribair invested." Reiher Decl. ¶ 16.

#### II. **DISCUSSION**

#### A. Legal Standard

"A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest." Network Automation, Inc. v. Advanced Sys. Concepts, 638 F.3d 11, 1144 (9th Cir. 2011) (quoting Winter v. Natural Res. Defense Council, Inc., 555 U.S. 7 (2008)). The Ninth Circuit has held that

the "serious questions" approach survives Winter when applied as part of the four-element *Winter* test. In other words, "serious questions going to the merits" and a hardship balance that tips sharply toward the plaintiff can support issuance of an injunction, assuming the other two elements of the Winter test are also met.

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Alliance For The Wild Rockies v. Cottrell, 632 F.3d 1127, 1132 (9th Cir. 2011).

As to the other two elements of the *Winter* test, the element of irreparable harm is particularly important. As made clear by Supreme Court case law, the mere possibility of irreparable harm is not sufficient; irreparable harm must be likely. *See Winter*, 555 U.S. at 22 (stating that "[i]ssuing a preliminary injunction based only on a possibility of irreparable harm is inconsistent with our characterization of injunctive relief as an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief").

Moreover, although neither the Supreme Court nor the Ninth Circuit has made an express holding on this point, irreparable harm in a trademark case should not be *presumed* simply because the mark holder has established a likelihood of success on the merits. The Supreme Court has rejected such a presumption in the patent context, see eBay inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006), and the Ninth Circuit has extended that holding in eBay to the copyright context. See Flexible Lifeline Sys. v. Precision Lift, Inc., 654 F.3d 989, 995-96 (9th Cir. 2011) (explaining that eBay cannot be narrowly read to apply in the patent context only). There does not seem to be any reason why that presumption should still apply in the trademark context. See, e.g., BomerangeIt, Inc. v. ID Armor, Inc., No. 5:12-CV-0920 EJD, 2012 U.S. Dist. LEXIS 86382, at \*9 (N.D. Cal. June 21, 2012) (in a trademark case, noting that "[d]istrict courts in this Circuit that have addressed this issue have found that the governing law has changed, and a plaintiff is not granted the presumption of irreparable harm upon a showing of likelihood of success on the merits"); Seed Servs., Inc. v. Winsor Grain, Inc., No. 1:10-CV-2185 AWI GSA, 2012 U.S. Dist. LEXIS 51779, at \*14 (E.D. Cal. Apr. 12, 2012) (in a trademark case, stating that, "[g]iven the overall trend of the case law, the court will not assume the existence of irreparable injury due to a showing of success on the merits"); Groupion, LLC v. Groupon, Inc., No. C 11-00870 JSW, 2011 U.S. Dist. LEXIS 136129, at \*18-19 (N.D. Cal. Nov. 28, 2011) (in a trademark case, declining to apply presumption); *United States Polo* Ass'n v. PRL USA Holdings, Inc., 800 F. Supp. 2d 515, 540 (S.D.N.Y. 2011) (concluding that "the presumption of irreparable injury in trademark cases is no longer appropriate").

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In their papers, Defendants do not dispute that the above legal standard generally applies where a party seeks a preliminary injunction but argues that the Court should apply a heightened standard of review in this case because (1) iCall is asking for a mandatory injunction that would disrupt the status quo and (2) issuance of the injunction would grant iCall substantially all of its remedies.

The Court does not find Defendants' first argument persuasive. Although the Ninth Circuit has made a distinction between mandatory and prohibitory injunctions and stated that mandatory injunctions are "particularly disfavored" and should not be granted "unless extreme or very serious damage will result," Marlyn Nutraceuticals, Inc. v. Mucos Pharma GmbH & Co., 571 F.3d 873, 879 (9th Cir. 2009) (also stating that mandatory injunctions should not be "issued in doubtful cases or where the injury complained of is capable of compensation in damages") (internal quotation marks omitted), the injunction being sought by iCall is not fairly characterized as a mandatory injunction under Ninth Circuit Law.

In Marlyn, the Ninth Circuit addressed an injunction which, inter alia, (1) enjoined a company from manufacturing and distributing a certain product and (2) required the company to recall its already-distributed products. See id. at 878. The court noted that the status quo -i.e., the last, uncontested status which preceded the controversy – had the company distributing the product. See id. at 879. The Ninth Circuit then held that the part of the injunction that required the company "to take the affirmative step of recalling its product . . . did not operate simply to preserve the status quo, or to restrain [the company] from further acts of possible infringement, because it involved products no longer within [the company's] possession." *Id.* (emphasis added). Thus, "the district court's order was something more than a prohibitory preliminary injunction." *Id.* However, restraining the company from continuing to manufacture and distribute the product was not deemed mandatory.

In the instant case, Defendants have tried to analogize the instant case to Marlyn. Defendants suggest that iCall's desired injunction would, in effect, require them to do a recall because the injunction "would require [them] to remove all references to WiCall in the App Store or on the Internet." Opp'n at 19. The problem for Defendants is that, in *Marlyn*, the Ninth Circuit

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indicated that, even though an injunction that "restrain[s] [a company] from further acts of possible infringement" may not simply preserve the status quo, it still is not considered a mandatory injunction. *Marlyn*, 571 F.3d at 879.

As for Defendants' second argument -i.e., that there should be a heightened standard of review because iCall's desired injunction would grant it substantially all of the relief sought and could not be undone (i.e., once complied with) – it is not without merit. Notably, that standard has been employed by other circuits, and the reasoning of those courts seems sound. See, e.g., Tom Doherty Assocs. v. Saban Entm't, Inc., 60 F.3d 27, 35 (2d Cir. 1995) (stating that, "if a preliminary injunction will make it difficult or impossible to render a meaningful remedy to a defendant who prevails on the merits at trial, then the plaintiff should have to meet the higher standard of substantial, or clear showing of, likelihood of success to obtain preliminary relief"); Edmisten v. Werholtz, 287 Fed. Appx. 728, 731 (10th Cir. 2008) (noting that disfavored injunctions include one that would provide the moving party "with substantially all the injunctive relief he seeks"); see also Sanborn Mfg. Co. v. Campbell Hausfeld/Scott Fetzer Co., 997 F.2d 484, 490 (8th Cir. 1993) ("find[ing] that the district court did not clearly err in holding" that plaintiff did not meet its "heavy' burden" because plaintiff "seeks on its motion . . . substantially the same relief it would obtain after a trial on the merits"). Nevertheless, the Ninth Circuit has not addressed this issue, and the Court need not decide whether to apply that standard in the instant case. This is because, even under the traditional preliminary injunction test, iCall has not adequately established that it is entitled to such relief.

## B. Likelihood of Success on the Merits

Under the traditional preliminary injunction test, the first factor is whether iCall can establish a likelihood of success on the merits. Although iCall has brought multiple claims for relief, the parties basically agree that, for all or most of the claims, the critical question is whether iCall can demonstrate that there is a likelihood of confusion between its mark and the "WiCall" mark. *See*, *e.g.*, *M2 Software*, *Inc. v. Madacy Entertainment Corp.*, 421 F.3d 1073, 1080 (9th Cir. 2005) (stating that "[t]he test of trademark infringement under state, federal, and common law is whether there will be a likelihood of confusion"); *Brookfield Comms.*, *Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036,

1047 n.8 (9th Cir. 1999) (noting that "oftentimes" the analysis under §§ 32 and 43(a) of the Lanham Act, 15 U.S.C. §§ 1114, 1125(a), is "identical"); *Academy of Mot. Pic. Arts & Sci. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1457 (9th Cir. 1991) (holding that, under both federal trademark infringement and state unfair competition statutes, the "ultimate test" is whether a likelihood of confusion exists) (internal quotations omitted).

In determining whether there is a likelihood of confusion, courts in the Ninth Circuit have typically applied the eight factors identified by the appellate court in *AMF*, *Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979): (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines. "The test is a fluid one and the plaintiff need not satisfy every factor, provided that strong showings are made with respect to some of them." *Surfvivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 631 (9th Cir. 2005).

iCall contends, however, that, "in an Internet [trademark] infringement case," a plaintiff is entitled to an injunction upon "proof of three factors: (1) defendant's use of a mark similar to plaintiff's, (2) to market related goods and services, (3) on the Internet." Mot. at 7. iCall cites in support *Perfumebay v. eBay*, 506 F.3d 1165 (9th Cir. 2007).

In *Perfumebay*, the plaintiff was a company that sold perfume on the Internet. One of the plaintiff's websites was perfumebay.com. When the plaintiff applied for a trademark for its "Perfume Bay" mark, eBay filed an opposition with the PTO. Subsequently, the plaintiff sought a declaratory judgment that its "Perfume Bay" mark did not infringe on the "eBay" mark. The Ninth Circuit stated:

In the internet context, "the three most important *Sleekcraft* factors in evaluating a likelihood of confusion are (1) the similarity of the marks, (2) the relatedness of the goods and services, and (3) the parties' simultaneous use of the Web as a marketing channel." "When this controlling troika or internet trinity suggests confusion is likely, the other factors must weigh strongly against a likelihood of confusion to avoid the finding of infringement." "If the internet trinity does not clearly indicate a likelihood of consumer confusion, a district court can conclude the infringement analysis only by balancing all the *Sleekcraft* factors within the unique context of each case."

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Id. at 1173-74.

In *Network Automation, Inc. v. Advanced Sys. Concepts*, 638 F.3d 1137 (9th Cir. 2011), however, the Ninth Circuit clarified it did not intend "to forever enshrine these three factors . . . as the test for trademark infringement on the Internet." *Id.* at 1148. The court emphasized that there should be "flexibility over rigidity" and,

[d]epending on the facts of each specific case arising on the Internet, other factors may emerge as more illuminating on the question of consumer confusion. In [a prior case] we used the "troika" factors to analyze the risk of source confusion generated by similar domain names, but we did not wholesale adopt them in the metatag analysis. Subsequent courts similarly have found the "troika" helpful to resolve disputes involving websites with similar names and appearances [citing *Perfumebay* as one example]. The leading trademark treatise correctly explains that the "troika" analysis "is appropriate for domain name disputes."

*Id.* at 1148. Ultimately, the Ninth Circuit found "[t]he 'troika' . . . a particularly poor fit for the question presented here." *Id.* The question presented in *Network* was whether there was trademark infringement when one company purchased certain keywords from search engine companies to advertise its own product and one of the keywords was the mark owned by a competitor. *See id.* at 1142; *see also id.* at 1148 (stating that "[t]he potential infringement in this context arises from the risk that while using [a company's] mark to search for information about its product, a consumer might be confused by a results page that shows a competitor's advertisement on the same screen, when that advertisement does not clearly identify the source or its product").

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<sup>&</sup>lt;sup>3</sup> In its reply brief, iCall now makes a *Network*-type claim -i.e., iCall contends that Tribair designated "iCall" as a search keyword in Apple's App Store so that consumers looking for iCall would discover WiCall. *See* Supp. Carreon Decl. ¶ 6.c. However, it is not clear that WiCall shows up because Tribair actually designated "iCall" as a search word or whether there is some other function in the App Store search program that leads to WiCall as one of the results when "iCall" is typed in. (iCall also claims that Defendants use "iCall" as a search word for the Tribair product, *see* Supp. Gilbert Decl. ¶ 7.c; however, as Defendants point out, there is no claim that "Tribair" (as opposed to "WiCall") infringes on the "iCall" mark.) Plaintiff presents no evidence of willful or manipulative conduct by Defendants in this regard.

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Seizing on *Network*, Defendants argue that the Internet troika test should not apply to the instant case, particularly because there is no "WiCall" website. 4 See Reiher Decl. ¶ 11. Defendants add that

> Tribair does not pay for advertising on Apple's iTunes App Store or Google's Android Market. The only time a user will find WiCall in those databases is through the search function which populates results based on a formula controlled by Apple or Google. On the Android Market, WiCall relies on searches for keywords in its full title "WiCall: VoIP call, wifi call" and to a lesser extent, keywords in its description.

Reiher Decl. ¶ 11. As noted above, iCall disputes Defendants' claim that Tribair does not advertise on the Internet, including on the App Store and Android market. However, at the end of the day, the Court need not decide whether the Internet troika test should apply in the case at bar. This is because, even if the test is applicable, the test still does not suggest that confusion is in fact likely. At bottom, the "iCall" and "WiCall" marks are not that similar.

#### 1. Internet Troika

As noted above, the Internet troika consists of the following factors: (1) the similarity of the marks, (2) the relatedness of the goods and services, and (3) the parties' simultaneous use of the Web as a marketing channel. In the case at bar, iCall and Tribair's goods and services are clearly related. See Network, 638 F.3d at 1150 (noting that "[t]he proximity of goods is measured by whether the products are (1) complementary; (2) sold to the same class of purchasers; and (3) similar in use and function"). That iCall offers products and services in addition to VoIP calling (e.g., text messages and video connections) and Tribair does not, see Reiher Decl. ¶ 6, is significant but not dispositive. The Gilbert declaration reflects that VoIP calling is a significant part of iCall's business. See, e.g., Gilbert Decl. ¶¶ 4, 20 (claiming that iCall "pioneered the mobile market for VoIP"; also testifying that iCall "has spent over \$4,000,000 to acquire the iCall.com and the iCall mark, to submit a patent application, develop and deploy the iCall software, develop and promote and iCall.com website, and push to the forefront of the VoIP mobile market"). However, as

<sup>&</sup>lt;sup>4</sup> Tribair, however, does have its own website. See <a href="http://www.tribair.com">http://www.tribair.com</a> (last visited October 31, 2012).

discussed below, given the likely nature of consumer scrutiny, these differences in products are material.

As to the use of the Web, even though Tribair may not use the Internet directly as a marketing channel for WiCall, that does not detract from the fact that both companies make their products and services available through Apple's App Store and/or Google's Android Market. *But see Network*, 638 F.3d at 1151 (noting that the marketing channels factor is "less important when the marketing channel is less obscure"; that, "[t]oday, it would be the rare commercial retailer that did not advertise online"; and that "the shared use of a ubiquitous marketing channel does not shed much light on the likelihood of consumer confusion").

In the instant case, the most significant factor in the Internet troika is the similarity of the marks. "Similarity of the marks is tested on three levels: sight, sound, and meaning." *Id.* at 1150. Notably, "[e]ach must be considered *as they are encountered in the marketplace.*" *Id.*; *see also Perfumebay*, 506 F.3d at 1174 (noting that "a court does not consider the similarity of the marks in the abstract, but rather in light of the way the marks are encountered in the marketplace and the circumstances surrounding the purchase'"); *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 503 (2d Cir. 1996) (stating that "[a]n inquiry into the degree of similarity between two marks does not end with a comparison of the marks themselves"; rather, "[t]he setting in which a designation is used affects its appearance and colors the impression conveyed by it" – "[i]n this connection, placement of the marks next to other identifying but dissimilar symbols is clearly relevant") (internal quotation marks omitted).

In comparing the "iCall" and "WiCall" marks, the Court begins by taking into account that,

[w]hile the basic rule is that marks must be compared in their entireties and not dissected, "in articulating reasons for reaching a conclusion on the issue of confusion, there is nothing improper in stating that, for rational reasons, more or less weight has been given to a particular feature of a mark, provided the ultimate conclusion rests on consideration of the marks in their entireties." Although it is not proper to dissect a mark, one feature of a mark may be more significant and it is proper to give greater force and effect to that dominant feature. Thus, as a preliminary to comparing marks in their entireties, it is not improper to discount the similarity of descriptive or generic parts of conflicting marks.

McCarthy on Trademarks & Unfair Competition § 23:42 (emphasis added). *See, e.g., Gruma Corp. v. Mexican Rests., Inc.*, No. 11-41105, 2012 U.S. App. LEXIS 21141, at \*9 (5th Cir. Oct. 11, 2012) (noting that "the dominant word or words in a mark should be the focus of the analysis" – *e.g.*, in comparing the marks "JOSE GASPAR GOLD" and "GASPAR's ALE," "[t]he word ALE . . . [is] descriptive or generic with respect to the involved goods or services," with "GASPAR as the dominant feature of the mark"). *But see Sleekcraft*, 599 F.2d at 351 (acknowledging that "craft" is a "generic frequently used in trademarks on boats" but adding that "the common endings do add to the marks' similarity").

Based on the above principle, the Court discounts to some degree the similarity of the word "Call," which is a component in both the "iCall" and "WiCall" marks. The word "Call" is clearly a descriptive word, *i.e.*, a word used to describe the VoIP calling product and service. The more significant factor is the comparison of the "i" and "Wi," which is the dominant component.

In terms of sight, "i" and "Wi" are admittedly similar, differing by one letter only.

Nevertheless, there is an important visual difference between the two in that "WiCall" begins with a capital letter and "iCall" does not. In terms of sound, see Sleekcraft, 599 F.2d at 351-52 (noting that sound is "important because reputation is often conveyed word-of-mouth"), there is some similarity between the two marks in that both use the long "i" sound. However, there is also an aural difference that is not insignificant given that "Wi" begins with a consonant. Cf. W.L. Gore & Assocs. v. Johnson & Johnson, 882 F. Supp. 1454, 1458 (D. Del. 1995) (acknowledging that "Slide" and "Glide" rhyme but noting that "[t]he sound of the first letter in the rhyming words [makes an] aural difference: "'Slide' has a soft 's' sound and 'Glide' has a hard 'g' sound"); Dahl v. Swift Distrib., Inc., No. CV 10-00551 SJO (RZx), 2010 U.S. Dist. LEXIS 35938, at \*23 (C.D. Cal. Apr. 1, 2010) (in comparing the marks "ULTI-CART" and "MULTI-CART," noting that "the two sound similar, but not identical when read, given the absence of the 'M' at the beginning of Defendants' product name").

Furthermore, there is a significant and salient difference in meaning between "i" and "Wi." "i" is a word that does not appear to have any concrete meaning, although it is commonly used in

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conjunction with at least Apple products (e.g., iPhone, iPod, iPad).<sup>5</sup> See Def.'s RJN, Ex. H (list of Apple trademarks). "i" could refer to the Internet, the first person pronoun, or something else. In contrast, "Wi" clearly connotes a shorthand for "Wi-Fi," i.e., a technology that allows for the wireless exchange of data. Indeed, that is why, according to Tribair, it chose the mark. See also Reiher Decl. ¶ 3 (testifying that "Tribair selected the name WiCall because it was a simple name that described what the application does: Wi-Fi calls").

In addition, when one considers the use of the marks as encountered in the marketplace, there is more to establish a lack of similarity. See, e.g., Perfumebay, 506 F.3d at 1175 (noting that the marks must be analyzed "in their internet usage, not simply as the terms are pronounced or viewed in the abstract"). Defendants have provided evidence that, when the "iCall" and "WiCall" marks are searched for on Apple's App Store and Google's Android Market, they always appear with their logos which are very distinct (e.g., on the App Store, the WiCall logo consists of three phones while the iCall logo consists of a cube with not only a phone icon on it but also, e.g., a message icon<sup>6</sup>). Reiher Decl. ¶¶ 17, 19-20. iCall has not provided any evidence that either the "iCall" or "WiCall" mark is commonly viewed with the logo being absent. Compare, e.g., Sleekcraft, 599 F.2d at 351 (agreeing with alleged infringer that "the names appear dissimilar when viewed in conjunction with the logo, but [noting that] the logo is often absent: The exhibits show that the word Sleekcraft is frequently found alone in trade journals, company stationery, and various advertisements"). In its reply brief, iCall argues that the WiCall logo displayed in the Android market improperly incorporates the Wi-Fi Alliance logo, but that is beside the point. That does not address whether or not the iCall and WiCall logos bear any similarities.

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<sup>&</sup>lt;sup>5</sup> Admittedly, the "iCall" mark was used prior to Apple's use of "i" in its products.

<sup>&</sup>lt;sup>6</sup> The three sides of the cube that are visible are in different colors – green, blue, and orange. See Pl.'s Ex. 4 (iTunes Preview page for iCall); see also Reiher Decl. ¶ 20. The WiCall logo does not use this variation in color. See Pl.'s Ex. 11 (iTunes Preview page for WiCall); see also Reiher Decl. ¶ 19. The WiCall logo used on the Android Market is even more different in appearance from the iCall logo. See Pl.'s Ex. 12 (Google Play page for WiCall); Reiher Decl. ¶ 19.

# 2. Other *Sleekcraft* Factors

In accordance with *Perfumebay*, because the Internet troika does not clearly indicate a likelihood of consumer confusion (assuming that the troika test is applicable), the Court must then balance all of the *Sleekcraft* factors. *See Perfumebay*, 506 F.3d at 1173-74. The remaining *Sleekcraft* factors are: (1) strength of the mark; (4) evidence of actual confusion; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines.

## a. <u>Strength of the Mark</u>

"The stronger a mark – meaning the more likely it is to be remembered and associated in the public mind with the mark's owner – the greater the protection it is accorded by the trademark laws." *Network*, 638 F.3d at 1149; *see also Entrepreneur Media v. Smith*, 279 F.3d 1135, 1141 (9th Cir. 2002) (noting that stronger marks receive greater protection than weak ones). The strength of a mark can be measured conceptually as well as commercially. *See Network*, 638 F.3d at 1149.

"'A mark's conceptual strength depends largely on the obviousness of its connection to the good or service to which it refers." *Id.* Marks may be categorized on a "spectrum ranging from the ['fanciful' or] 'arbitrary' to the 'generic,'" the former being the strongest mark and the latter being the weakest. *Rearden LLC v. Rearden Commerce, Inc.*, 683 F.3d 1190, 1211 (9th Cir. 2012). "A fanciful mark is 'a coined word or phrase, such as Kodak, invented solely to function as a trademark," while "[a]n arbitrary mark is a common word that is 'non-descriptive of any quality of the goods or services." *Entrepreneur*, 279 F.3d at 1141 n.2; *see also Rearden*, 683 F.3d at 1211 (stating that "[a]n arbitrary mark 'consists of common words that have no connection with the actual product"). A generic mark simply "give[s] the general name of the product; [it] embrace[s] an entire class of products." *Entrepreneur*, 279 F.3d at 1141 n.2.

In between fanciful/arbitrary marks and generic marks are suggestive marks and descriptive marks. "A suggestive mark is one for which 'a consumer must use imagination or any type of multistage reasoning to understand the mark's significance[.] [T]he mark does not *describe* the product's features, but *suggests* them." *Id.* at 1142 (emphasis in original). In contrast, a descriptive

mark "'define[s] qualities or characteristics of a product in a straightforward way that requires no exercise of the imagination to be understood." *Id.* 

In contrast to conceptual strength, "[c]ommercial strength is based on 'actual marketplace recognition." *Network*, 638 F.3d at 1149; *see also One Indus.*, *LLC v. Jim O'Neal Distrib.*, 578 F.3d 1154, 1164 (9th Cir. 2009). A company's efforts to promote a mark in association with its services can strengthen the mark – for example, advertising expenditures can transform a suggestive mark into a strong one. *See Rearden*, 683 F.3d at 1211; *Network*, 638 F.3d at 1149. If a company has had exclusive use of a mark for a lengthy period of time, that can also strengthen the mark. *See American Int'l Group, Inc. v. American Int'l Bank*, 926 F.2d 829, 832 (9th Cir. 1991). On the other hand, "[w]hen similar marks permeate the marketplace, the strength of the mark decreases. 'In a crowded field of similar marks, each member of the crowd is relatively weak in its ability to prevent use by others in a crowd." *One Indus.*, 578 F.3d at 1164.

In the instant case, the mark "iCall" clearly has some conceptual strength. While the mark is partially descriptive in its incorporation of the word "Call," it still is more fairly characterized as a suggestive mark given that it also includes the "i."

In terms of commercial strength, iCall argues that its mark – although only suggestive and not fanciful or arbitrary – has been strengthened as a result of (1) the public recognition it has received for "producing a string of technical 'firsts,'" Gilbert Decl. ¶ 9; (2) its efforts to promote the mark, *see* Gilbert Decl. ¶ 20; and (3) its exclusive use of the mark for fourteen years. *See* Mot. at 10. iCall has not, however produced any survey or other direct evidence that its mark has acquired secondary meaning.

Even if the Court were to accept iCall's claim that it has received "outsized publicity" because of its string of technical firsts, Gilbert Decl. ¶ 9; *see also* Reply at 10 (taking note of iCall being the New York Times app of the week), there are problems with iCall's other arguments. First,

<sup>&</sup>lt;sup>7</sup> For example, iCall claims: (1) it was the first company to move into the iPhone VoIP market "when AT&T and Apple agreed to allow VoIP providers with approved Apps to access the AT&T wireless data network," Gilbert Decl. ¶ 6; (2) it was the first company "to offer free calling on the iPhone and iPod platform," Gilbert Decl. ¶ 7; and (3) its "iCall software was the first to enable conversion of a media player, the iPod Touch, into a portable phone that allows the user to make long-distance calls at no cost." Gilbert Decl. ¶ 8.

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the record does not clearly reflect how much money iCall spent to promote its mark before the public (e.g., advertising). The Gilbert declaration simply reflects that iCall spent more than \$4 million to do a *number* of different things, including acquiring the mark, submitting a patent application, and developing the iCall software. See Gilbert Decl. ¶ 20 (testifying that iCall "has spent over \$4,000,000 to acquire the iCall.com and the iCall mark, to submit a patent application, develop and deploy the iCall software, develop and promote the iCall.com website, and push to the forefront of the VoIP mobile market").

Second, even if iCall has used the mark since the late 1990's, that does not mean that other companies have not used similar marks during this time period. Indeed, in another trademark case in which iCall sought a preliminary injunction (the defendant's mark was "Reliance iCall"), Judge Ware took note of documentary evidence provided by the defendant "that shows that the term iCall is in widespread use for similar goods and services, such as 'iCallGlobe,' 'iCall Anywhere,' and 'iCall International.'" iCall, Inc. v. Reliance Comms. Ltd., No. C 10-02206 JW (Docket No. 56) (Order at 18). In its reply brief, iCall suggests that the Court cannot consider the *Reliance* opinion because the case was ultimately settled, see Reply at 11 n.11, but that does not mean that the opinion cannot be considered, at least absent the decision being vacated.

Furthermore, in the instant case, Defendants have provided evidence that

[t]here are other products and services similar to . . . iCall which incorporate the iCall name. Some of those in the Internet are iCallDialer (icalldialer.com), icallhere.com, icallglobal.com, iCall My World & iCall USA ([p]hone cards), iCall Centre (iopen.co.za), iCall Prepaid . . . , iCall Manager (icallmanager.com), iCallFree (icallfree.com.ar), iCall.ge, icallinsurance.com, iCall Solutions (icall.com.sg) and iCallServices.com. Applications on Apple's iTunes and Google's Android Market include iCallDialer, iCallDialerLite, I Call You, EasiCall, iCallShotgun, and Ashneh Icall.

Reiher Decl. ¶ 18. Counsel for iCall asserts that only of these is actually a VoIP service, see Supp. Carreon Decl. ¶ 5 (adding that "[t]hat company will be receiving a cease and desist letter shortly"), but, even if this were true, the fact remains that all of the companies have something to do with calling services generally (i.e., even if not specifically VoIP calling).

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It is also worth noting that the use of the prefix "i" has been popularized by Apple. Its seeming pervasiveness and evolution to a kind of cultural icon further calls into question the strength of the "iCall" mark.

To the extent iCall's attorney has provided a declaration noting its success in enforcing the "iCall" mark against some other companies, see generally Carreon Decl., it appears that, in all but one of these instances, the alleged infringer voluntarily agreed to stop using the allegedly infringing mark. In none of the situations did a federal or state court issue a judgment that the allegedly infringing mark was in fact infringing.

#### **Evidence of Actual Confusion** b.

The Ninth Circuit has noted that

"[a] showing of actual confusion among significant numbers of consumers provides strong support for the likelihood of confusion." However, "actual confusion is not necessary to a finding of likelihood of confusion under the Lanham Act." Indeed, "[p]roving actual confusion is difficult . . . and the courts have often discounted such evidence because it was unclear or insubstantial."

Network, 638 F.3d at 1151.

iCall has not offered any evidence of actual confusion, simply relying on the fact that actual confusion is not required for a plaintiff to prevail in a trademark infringement case. See Mot. at 11 (stating that iCall "does not seek to rely upon evidence of actual confusion"). In its reply brief, iCall also argues that, because Defendants did not present any evidence of no confusion, this factor is effectively neutral. This latter contention lacks merit as iCall has the burden of showing that it is entitled to preliminary injunctive relief.

# Type of Goods and the Degree of Care Likely to Be Exercised by the c. <u>Purchaser</u>

In its motion, iCall contends that this factor weighs in its favor "because[,] as the Goto.com and *Brookfield* opinions make[] clear virtually as a matter of law, Internet consumers choosing between competing Web-offerings are likely to exercise little effort in distinguishing between the products offered on two different websites." Mot. at 11 (citing GoTo.com, Inc. v. Walt Disney Co., 202 F.3d 1199 (9th Cir. 2000), and Brookfield Comms., Inc. v. West Coast Entertainment Corp., 174

F.3d 1036 (9th Cir. 1999)). In *GoTo*, the Ninth Circuit relied on *Brookfield* in concluding that "[n]avigating amongst web sites involves practically no effort whatsoever [just 'a single click of a mouse'], and arguments that Web users exercise a great deal of care before clicking on hyperlinks are unconvincing." *GoTo*, 202 F.3d at 1209.

But iCall fails to take into account a more recent opinion from the Ninth Circuit which basically cast this part of *GoTo* and *Brookfield* into doubt. More specifically, in *Network* (a 2011 decision), the Ninth Circuit pointed out that *GoTo* and *Brookfield* had been decided more than ten years earlier: "While the statement [above] may have been accurate then, we suspect that there are many contexts in which it no longer holds true." *Network*, 638 F.3d at 1153. The court also emphasized that "the default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes more common." *Id.* at 1152. Ultimately, the Ninth Circuit in *Network* seemed to advocate for an approach that "look[s] beyond the medium itself [e.g., the Internet] and to the nature of the particular goods and the relevant customers [instead]." *Id.* (adding that "the degree of care analysis cannot begin and end at the marketing channel").

Focusing on these considerations here, the Court notes that the product and service at issue in the case at bar (VoIP calling) are not expensive and therefore a buyer could be expected to exercise modest care in choosing these products. *See id.* (noting that, "when the goods are expensive, the buyer can be expected to exercise greater care in his purchases"). On the other hand, the typical customer purchasing the product and service is likely to be tech savvy to a limited extent and thus have some degree of sophistication. This is significant because such purchases are likely to conduct some examination of the features of the competing products. In this regard, as noted above, there is a difference between "iCall" and "WiCall." iCall offers not only calling services but also messaging and videoconferencing services, while WiCall does not. Indeed, this difference in features is reflected in the respective logos for iCall and Tribair. This difference is likely to be noticed by consumers.

Furthermore, although iCall claims that "[b]oth [it] and Tribar . . . offer free and low-cost VoIP, so consumers have little incentive to scrutinize their offerings in detail," Mot. at 11, Defendants have offered some evidence that the WiCall product and service is not really free at all.

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See Reiher Decl. ¶ 8 (testifying that, "[n]ew customers are given a nominal amount in free credits (less than \$1) so that they may try the service at no cost[,] [but] [o]nce these credits have been depleted, a customer must purchase credits to continue to make calls"). Thus, some degree of consumer scrutiny can be expected.

#### d. Defendant's Intent in Selecting the Mark

In its motion, iCall notes that, "[w]hen an alleged infringer knowingly adopts a mark similar to another's, courts will presume an intent to deceive the public." Official Airline Guides v. Goss, 6 F.3d 1385, 1394 (9th Cir. 1993). While this is true, for the reasons stated above, the similarity between the "iCall" and "WiCall" marks is marginal. Moreover, as discussed above, there is undisputed evidence that Defendants chose the "WiCall" mark based on the association with "Wi-Fi." See Reiher Decl. ¶ 3 (testifying that "Tribair selected the name WiCall because it was a simple name that described what the application does: Wi-Fi calls"). That Defendants made this choice is supported by the WiCall logo used on the Android Market. More specifically, the logo includes the words "WiFi" and incorporates the icon for the Wi-Fi Alliance. See Reiher Decl. ¶ 19, 21.

To the extent iCall now argues that Defendants must have chosen the "WiCall" mark based on its similarity to the "iCall" mark because "iCall" when used as a search term leads a consumer on the App Store to the WiCall product, the Court does not agree. As noted above, see note 3, it is not clear that WiCall shows up because Tribair actually designated "iCall" as a search word or whether there is some other function in the App Store search program that leads to WiCall as one of the results when "iCall" is typed in. iCall presents no evidence on this issue.

#### Likelihood of Expansion of the Product Lines e.

"A strong likelihood that either party may expand his business to compete with the other favors a finding of infringement." Official Airline, 6 F.3d at 1394. Neither party has provided any evidence as to this factor. Moreover, "[t]he likelihood of expansion in product lines factor is relatively unimportant where two companies already compete to a significant extent." *Brookfield*, 174 F.3d at 1060.

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# f. <u>Summary</u>

Based on all of the *Sleekcraft* factors, the Court concludes that iCall has failed to establish a likelihood of success on the merits. On significant factors such as similarity of the marks and strength of the mark, there are substantial problems with iCall's position that Defendants' use of the "WiCall" mark is likely to confuse a reasonably prudent consumer in the marketplace. *Cf. Dreamwerks Prod. Group v. SKG Studio*, 142 F.3d 1127, 1130 (9th Cir. 1998) (finding the following *Sleekcraft* factors "pivotal" in finding that there was a genuine dispute of material fact to bar summary judgment: (1) strength of the mark, (2) similarity of the marks, and (3) relatedness of the goods). Because the Court, as discussed below, finds that the balance of hardships does not tip sharply in Plaintiff's favor, its failure to establish a likelihood of success mandates that the Court deny its motion.

# C. <u>Balance of Equities</u>

The next factors for the Court to consider in the traditional preliminary injunction test is the balance of equities.

## 1. <u>Injury to iCall</u>

As noted above, iCall claims that it has suffered injury as a result of Defendants' use of the "WiCall" mark because, after spending more than \$4 million "to acquire the iCall.com and the iCall mark, to submit a patent application, develop and deploy the iCall software, develop and promote the iCall.com website, and push to the forefront of the VoIP mobile market," it is "in danger of losing control over its own business reputation and the good will that have accrued to the iCall mark over the years." Gilbert Decl. ¶ 20.

In some cases, courts have found irreparable injury to a trademark infringement plaintiff because of a loss of control over its own reputation and goodwill. *See, e.g., Seed Servs.*, 2012 U.S. Dist. LEXIS 51779, at \*15 (finding irreparable injury element satisfied because, "if another person infringes the marks, that person borrows the owner's reputation, whose quality no longer no longer lies within the owner's control"); *United States Polo Ass'n*, 800 F. Supp. 2d at 541 (finding irreparable injury element satisfied because "the reputation and goodwill cultivated by [plaintiff] would be out of its hands" and that loss to reputation and goodwill could not be "quantified"; adding

that defendants' "product may or may not be of high quality, sold with sufficient care to customer service, or convey the same branding image that has been highly cultivated by [plaintiff]").

Nevertheless, it could be argued that lost business goodwill is an injury that is compensable by damages. *See OG Int'l, Ltd. v. Ubisoft Entm't*, No. C 11-04980 CRB, 2011 U.S. Dist. LEXIS 124020, at \*27 (N.D. Cal. Oct. 26, 2011) (indicating that in theory lost customers and business goodwill could be compensated by damages, which would weigh against a claim of irreparable injury).

More fundamentally, iCall has failed to demonstrate real harm or hardship. It has done little more than argue that "it is axiomatic that Defendants' misuse [of the registered marks] has caused [it] to lose control over its reputation in the marketplace." *ConocoPhillips Co. v. Gonzalez*, No.: 5:12-cv-00576-LHK, 2012 U.S. Dist. LEXIS 20972, at \*7 (N.D. Cal. Feb. 17, 2012). In *ConocoPhillips*, Judge Koh held that this was not sufficient to show a likelihood of irreparable injury: "To meet the 'irreparable harm' requirement, Plaintiff must do more than 'merely allege imminent harm'; Plaintiff 'must demonstrate it.'" *Id.* at \*8. She added that such a "conclusory statement, *without citation to any evidence*, is insufficient to make a 'clear showing' that the threatened harm is immediate and irreparable." *Id.* (emphasis added). Here, iCall has simply offered the conclusory declaration of its CEO in support. Furthermore, at the hearing, iCall admitted that it did not have any concrete evidence of lost business or goodwill.

Thus, iCall has not only failed to demonstrate hardship that would tip the balance of equities in its favor, it has failed to establish irreparable injury which is a prerequisite to preliminary injunctive relief; it has not shown that irreparable injury is *likely*, rather than just a mere possibility. Under *Winter*, on this ground alone, the request for a preliminary injunction must be denied.

# 2. <u>Injury to Defendants</u>

Because iCall has not sufficiently established that it is likely to suffer irreparable injury without an injunction, the Court need not examine the injury that Defendants would likely suffer if an injunction were to issue. Nevertheless, the Court does note that Defendants have made a much stronger showing as to likely injury.

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First, as Defendants point out, in Sardi's Restaurant Corp. v. Sardie, 755 F.2d 719 (9th Cir. 1985), the Ninth Circuit took into account that the relative size of a business is relevant to the potential hardship from a change in business name -i.e., a "more established [business] is in a better position to deal with any minor identity problems that might arise than the newer [business], which. . . might not survive at all without a rapid increase in local name recognition." *Id.* at 726. Here, there seems to be little dispute that iCall is a well-established company whereas Tribair is a company of much more recent vintage, at least with respect to the "WiCall" brand.

Second, Defendants explain that there are more than 1,000 VoIP applications available (including, e.g., Skype), see Reiher Decl. ¶ 9, and so

> [p]lacement on the search results of the iTunes App Store and Android Market is critical to an application's success. Being at the top of the list when a user queries keywords like "VoIP" is an extremely valuable commodity. The highest results has a much higher chance of being downloaded than a result five, ten or fifty slots further down.

Reiher ¶ 15. Currently, WiCall has high placement on search results. If Defendants were barred from using the "WiCall" mark and had to rely on the use of another mark instead, they would be in danger of losing their high placement on search results. But see Reiher Decl. ¶ 15 (admitting that "[n]o one really knows exactly what would happen to the ordering of results if WiCall was renamed, because Apple and Google use a secret method to order search results on their iTunes App Store and Android Market").

#### III. **CONCLUSION**

Having taken into consideration the above, the Court concludes that iCall has not established an adequate showing that it is entitled to preliminary injunctive relief. Even if the traditional preliminary injunction test is applied (i.e., no heightened standard of review), iCall has not established either a likelihood of success on the merits even if the Internet troika test is applied in evaluating likelihood of confusion. There is only limited similarity between the "iCall" and "WiCall" marks and the strength of the iCall mark is debatable. Moreover, the balance of equities does not clearly tip in iCall's favor. And iCall has failed to establish irreparable injury is likely rather than merely possible.

Accordingly, iCall's motion for a preliminary injunction is **DENIED**. The Court notes that this ruling based solely on the state of the record presented to the Court. It offers no opinion on the likelihood of success were a different factual record developed after discovery.

This order disposes of Docket No. 28.

IT IS SO ORDERED.

Dated: November 21, 2012

United States District Judge